

# Los Angeles County Economic Forecast

Los Angeles County is the largest county-level economy in California, with nearly 10 million people, and 4 million wage and salary jobs. Employment in the services such as healthcare, retail trade, and professional services remain strong. However, employment growth in the export sectors—manufacturing, motion picture production, and wholesale trade—remains weak.

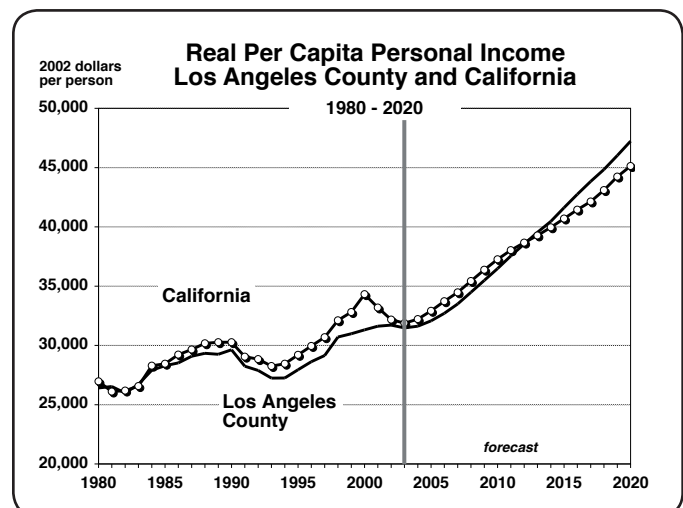
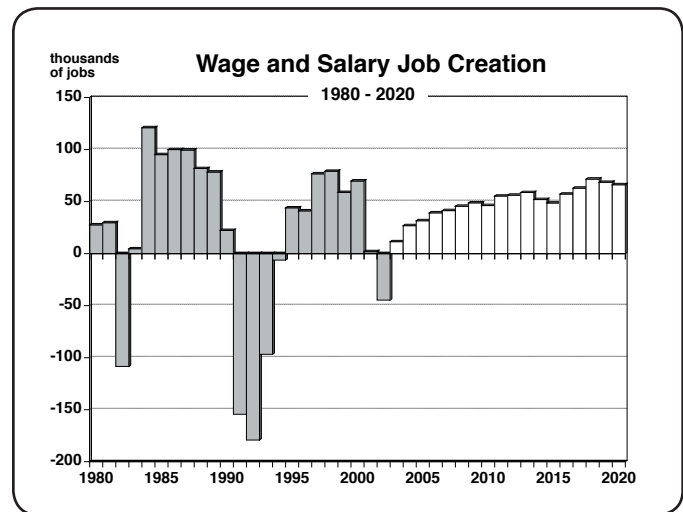
Economic growth in Southern California in general was impressive in 2002, compared to the Northern half of the state. Total non-farm employment growth in Los Angeles County went negative during the second half of the year, but not by much. The unemployment rate rose to 6.7 percent last year, though it has fallen in 2003.

The larger problem in Los Angeles County is the ongoing lack of new housing production. The current rate of population growth substantially exceeds the creation of new units. This is putting upward pressure on housing prices that are hurting those at the bottom end of the income distribution. This situation is also creating significant outflow of jobs from Los Angeles County into the Inland Empire counties of Riverside and San Bernardino.

Runaway film production in Canada and Australia has impacted employment in the motion picture industry, and manufacturing has been consolidating since 1998. The service sector has generally expanded however, and that will remain the driver of new employment opportunities in Los Angeles County over the long run.

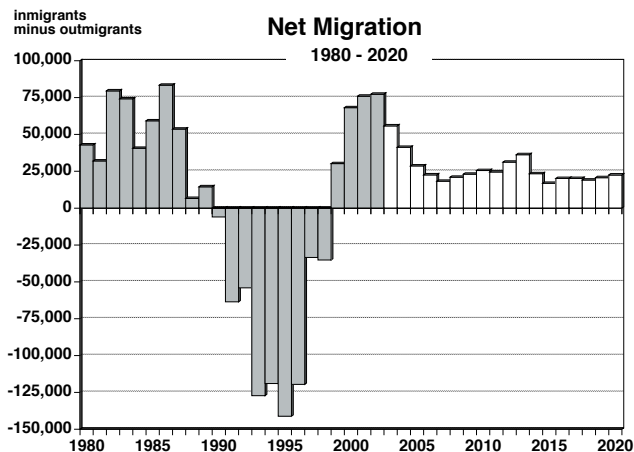
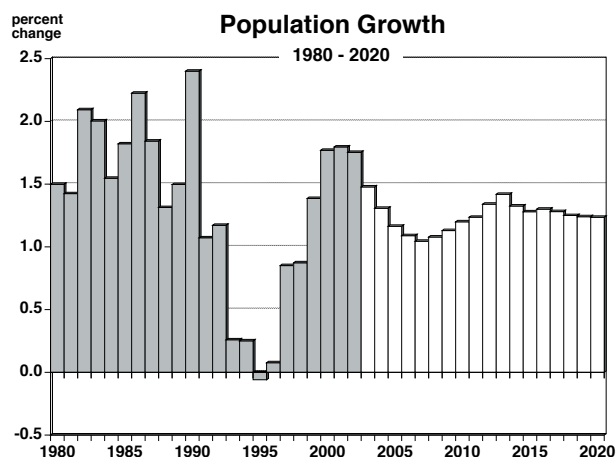
## Forecast Highlights

- Job growth is expected to turn positive in 2003, but just barely. Job growth will accelerate to 1.0 percent in 2004. Between 2003 and 2008, the average annual growth rate is 0.9 percent per year, compared to 1.2 percent per year between 1997 and 2002.
- Average salaries adjusted for inflation rise an average of 1 percent per year over the next 5 years. The growth of higher paying job creation will slow in Los Angeles County, relative to other areas of Southern California. A number of industries which traditionally have been high paying are shrinking, such as the technology sector and the film making industry.
- The services sector remains the growth engine of jobs in Los Angeles County. Employment growth in services



averages 2.0 percent per year over the next 5 years, compared to 1.4 percent growth between 1997 and 2002. Business services, personal services, and recreation services will lead this sector in job creation.

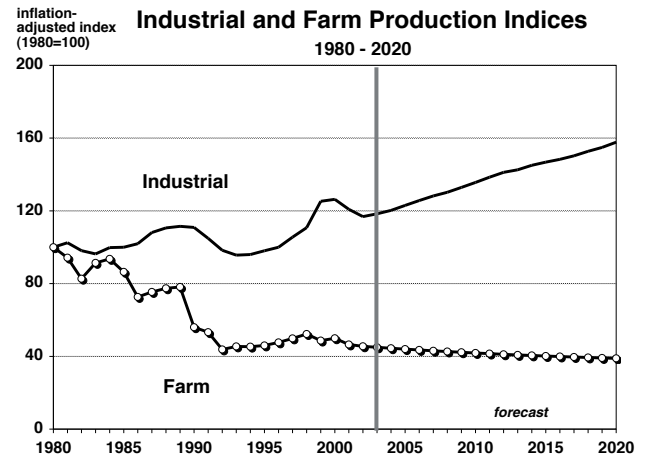
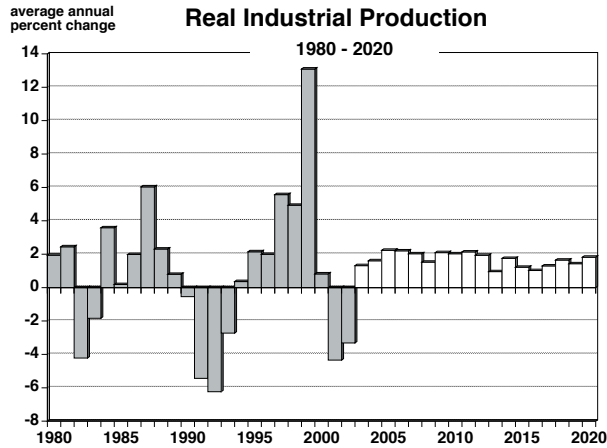
- Population growth increases, due principally to the increase in births over the next 5 years. Annual growth in the 2003 to 2008 period averages 1.1 percent per year. This represents a slowdown from the 1.5 percent average annual growth that prevailed between 1997 and 2002.
- Net migration falls off in 2003 to 45,000 persons. Migration continues to shrink over the forecast period, due in large part to the lack of job creation in the county.



## Los Angeles County Economic Forecast 1995-2002 History, 2003-2020 Forecast

	July Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Retail Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Farm Crop Value (millions)	Industrial Production (billions)
1995	9,101,100	-141,185	6.1	3,057	8,405	\$51.0	\$215.9	\$27,948	\$223	\$88
1996	9,108,100	-119,545	6.2	3,061	8,607	\$53.3	\$225.1	\$28,625	\$235	\$90
1997	9,185,600	-33,427	5.8	3,067	10,424	\$55.3	\$235.1	\$29,149	\$250	\$95
1998	9,265,800	-35,204	6.1	3,075	11,692	\$57.5	\$253.4	\$30,712	\$265	\$99
1999	9,394,200	30,226	6.3	3,082	14,383	\$63.3	\$265.3	\$30,986	\$253	\$112
2000	9,560,400	68,162	6.5	3,132	17,071	\$70.3	\$281.8	\$31,313	\$268	\$113
2001	9,732,100	75,948	6.7	3,142	18,248	\$71.8	\$299.4	\$31,617	\$258	\$108
2002	9,902,700	77,255	6.8	3,155	19,271	\$73.1	\$314.0	\$31,709	\$260	\$105
2003	10,049,025	55,827	6.9	3,169	19,050	\$74.9	\$323.5	\$31,478	\$262	\$106
2004	10,180,406	41,247	7.0	3,184	20,707	\$77.4	\$337.4	\$31,622	\$266	\$108
2005	10,298,874	28,656	7.1	3,201	21,356	\$80.4	\$354.7	\$32,072	\$269	\$110
2006	10,411,041	22,571	7.2	3,218	22,174	\$83.9	\$374.5	\$32,707	\$273	\$113
2007	10,519,791	18,272	7.3	3,236	22,384	\$88.0	\$396.4	\$33,498	\$276	\$115
2008	10,633,272	20,979	7.4	3,254	21,931	\$92.7	\$421.8	\$34,478	\$280	\$117
2009	10,753,440	23,026	7.6	3,272	22,423	\$98.0	\$449.0	\$35,487	\$284	\$119
2010	10,882,449	25,520	7.6	3,290	22,917	\$103.8	\$478.7	\$36,484	\$288	\$122
2011	11,016,937	24,513	7.7	3,308	22,685	\$110.3	\$511.4	\$37,549	\$293	\$124
2012	11,164,595	31,224	7.8	3,326	22,097	\$117.1	\$545.7	\$38,555	\$297	\$127
2013	11,322,966	36,271	8.0	3,344	21,807	\$124.3	\$582.5	\$39,540	\$303	\$128
2014	11,473,037	23,391	8.0	3,362	21,135	\$130.2	\$618.7	\$40,466	\$308	\$130
2015	11,619,818	16,861	8.1	3,379	20,864	\$137.7	\$660.1	\$41,625	\$313	\$132
2016	11,770,890	20,131	8.2	3,396	21,051	\$145.0	\$703.9	\$42,748	\$318	\$133
2017	11,921,683	20,174	8.2	3,413	21,590	\$153.1	\$750.2	\$43,836	\$324	\$135
2018	12,070,652	19,108	8.4	3,430	22,598	\$160.6	\$796.5	\$44,844	\$330	\$137
2019	12,220,394	20,681	8.5	3,448	23,441	\$169.1	\$847.5	\$46,022	\$336	\$139
2020	12,371,365	22,520	8.5	3,467	24,312	\$177.3	\$900.8	\$47,231	\$342	\$142

- Real per capita incomes remain stable in 2003 and 2004, and then increase at faster rates thereafter. An annual compound rate of growth of 1.7 percent over the next 5 years is forecast. Between 1997 and 2002, real per capita personal income increased an average of 1.5 percent per year.
- The median home price in the county was nearly \$285,000 in 2002. Prices for housing will continue to rise an average of 4 percent per year, adjusted for inflation, over the next 5 years.



Total Wage & Salary (000)	Farm (000)	Construction (000)	Mining (000)	Manufacturing (000)	Transportation, Utilities (000)	Wholesale, Retail Trade (000)	Finance, Real Estate (000)	Services (000)	Government (000)
3,755	8.0	109.8	5.9	638.4	202.6	835.8	222.1	1,196.2	535.7
3,796	7.2	107.5	5.7	644.7	204.7	840.7	217.2	1,234.9	533.0
3,872	7.0	109.5	5.5	661.4	211.9	858.6	220.2	1,261.9	536.3
3,951	7.7	118.4	4.9	661.7	225.2	871.9	228.4	1,292.2	541.0
4,010	7.3	125.8	4.3	641.6	234.7	887.8	231.6	1,315.5	561.6
4,080	7.7	130.9	4.0	627.0	244.1	905.3	230.0	1,349.7	581.3
4,082	8.3	136.8	3.8	577.9	249.0	906.4	228.9	1,364.8	605.9
4,037	8.7	134.9	3.6	536.4	247.7	905.5	231.2	1,360.5	608.9
4,049	8.3	131.7	3.6	547.3	241.3	890.2	234.2	1,376.4	615.6
4,076	8.1	132.0	3.7	543.8	239.5	892.5	236.0	1,393.4	626.6
4,107	7.9	132.2	3.7	538.5	239.8	895.6	237.6	1,414.2	637.6
4,146	7.7	133.1	3.7	532.2	242.3	901.2	238.9	1,439.2	647.9
4,188	7.6	133.9	3.6	526.5	245.3	904.4	240.0	1,467.4	658.9
4,233	7.5	134.7	3.6	519.0	248.2	909.3	241.0	1,500.3	669.4
4,282	7.4	134.9	3.5	512.2	251.5	916.0	241.7	1,536.5	678.1
4,328	7.4	135.0	3.4	503.8	255.2	924.0	242.3	1,571.6	685.2
4,383	7.3	134.8	3.3	494.3	259.1	936.5	243.0	1,613.2	691.8
4,439	7.3	134.9	3.2	484.7	262.7	950.4	243.5	1,654.5	698.2
4,498	7.2	135.1	3.1	474.5	265.7	963.5	243.8	1,700.4	704.8
4,550	7.2	135.4	3.0	465.4	267.9	977.0	243.7	1,739.0	711.6
4,599	7.1	135.5	2.9	455.9	270.1	985.7	243.3	1,779.4	718.8
4,656	7.1	135.5	2.8	446.5	272.5	1,000.5	243.0	1,821.6	726.4
4,719	7.0	135.7	2.6	435.2	275.1	1,018.3	242.9	1,867.6	734.4
4,790	7.0	136.0	2.4	423.9	278.2	1,036.7	243.0	1,920.4	742.8
4,859	7.0	136.3	2.2	411.9	282.0	1,051.2	243.4	1,973.1	751.7
4,925	6.9	136.5	2.2	402.0	285.3	1,065.9	244.1	2,020.7	761.3

